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INCORRECT Reports of this Speech having been published, it was thought right to print a few copies of it, for the perusal of some particular friends, drawn up as correctly as memory, and the notes made use of at the time when it was delivered, would admit of. It was originally intended to have entered into the subject more at length, but the Discussion having been brought near to a conclusion, before the following Speech was delivered, it was necessary to condense it as much as possible, and to restrict it to a few particular points.

London, 17th May, 1811.

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1754-1835

SIR JOHN SINCLAIR'S SPEECH

ON THE BULLION QUESTION.

MR. SPEAKER,

I SHOULD not probably have troubled the House at so late a period of the discussion*, after the doctrines contained in the Bullion Report, had been so ably refuted by several respectable Members, had I not been personally alluded to in the course of these Debates, by an Hon. Gentleman, (Mr. Whitbread), as having become a proselyte to new opinions. This is a point which I think it necessary to explain. In the year 1797, I happened to be a Member of the House, when the restriction on the payments of cash at the Bank of England was first established. I was then inclined to believe, that the continuation of that restriction would be injurious to the commercial and general interests of the country, and that it was possible to form a plan by which the payment of cash at the Bank might soon be resumed. Those ideas I stated to the Public in a short Tract, which has often been invidiously quoted by those who concur in the doctrines of the Bullion Committee. It is absurd, however, to contend, that the opinions of men, like the laws of the Medes and Persians, should be perfectly unalterable, and that no change of circumstances, no further experience, no new and decisive facts, should make any impression on the mind of one, anxious to ascertain the truth, and open to conviction. My object then was, to maintain a system which I thought had materially tended to promote

* The subject had been under discussion, in a Committee of the whole House, for several days, during which, owing to various incidents, every attempt to address the Chair had been unsuccessful. It was impossible, in so late a stage of the proceedings, after the question had been so much exhausted, to go into the subject at large: it was necessary, therefore, to restrict the observations to be made, to a few particular points, that had not been previously touched upon.

the prosperity of the country. My object now is, to maintain another system, which I am convinced has answered the public interest better; and if the Hon. Gentleman, (Mr. Whitbread), will produce a third system, that will promote the public interest more effectually than either, it will find a friend and advocate in me.

In regard to the general subject, connected with the Bullion Report, it has been so ably discussed in the Debates which have already taken place in this House, and has been so fully treated of, not only in an endless succession of pamphlets, but in daily, weekly, monthly, quarterly, and every other species of periodical publication, that it seems to be in a great measure exhausted. I should wish, however, with the permission of the House, very shortly to state to it, first, the nature of our paper currency at this time, *according to my conception of it*; and next, to point out how that currency differs from those of America and of France, which were at first depreciated, and afterwards totally failed. It is the more necessary to dwell upon that circumstance, as the Members of the Bullion Committee, and their abettors out of doors, take advantage of those failures, to throw a slur on the solidity of our medium of circulation, though in point of fact, there is no earthly resemblance between them.

An Hon. Friend of mine (Mr. Davies Giddy), who has spoken with great ability on this question, but who has given way to an unfortunate bias in favour of the Bullion system, in the course of one of our late Debates, divided currencies into two sorts, one possessing an intrinsic, and the other an ideal, value. I am rather inclined, however, to prefer the terms, *metallic*, and *representative*.

In regard to a *metallic* currency, it is singular that in China, which contains the greatest mass of population ever collected under one government, (it is stated by Mr. Barrow at above three hundred millions of souls), the precious metals should be considered merely as merchandize, and that when foreign coins are even imported into that country, they should be immediately converted into ingots of silver, and what are called shoes of gold. It appears from a work of authority lately published (Kelly's Cambist), that there is but one kind of money in China, which is used for small payments, called *cash*, consisting of

six parts copper and four parts lead; it is not coined, but cast, with a square hole in the middle, by means of which it is carried about like beads, on a string or wire. I do not mean to contend, that coin is not extremely convenient for making the smaller payments; and I should have no objection to see it as current as is requisite, in all our pecuniary transactions. But the state of China is a sufficient proof, *that coining the precious metals* is not indispensably necessary for a populous, civilized, and commercial people, and hence that all the ingenious speculations regarding the necessity of having gold and silver in coin, or possessing a fixed standard of value in coined gold or silver, to which every thing can be referred, however necessary it may appear *to the theorist*, is not essential in practice. It would be an amusing spectacle to see the Hon. Gentleman, (Mr. Huskisson), endeavouring to convince a Chinese Mandarin, that his country must be in a state of ruin, because it possessed no standard, and because no coins of gold or silver were to be met with in its circulation.

As to the currency which prevails in this country at this time, to which the name *representative* may be properly applied, it may be defined, "a species of paper money, issued for value, *representing actual property*, convertible into every species of goods at will, receivable at the Exchequer, and returning, at no great distance of time, to the coffers whence it was issued."

The advantages of such a currency are very great. 1. It is procured with little trouble, and at no expense, and supersedes the necessity of exporting goods or property to the extent of many millions, merely to obtain a medium of circulation. 2. It need never be diminished in its amount; on the contrary, it may be increased, whenever the circumstances of the Nation require it, a point of infinite moment, and the advantages of which Hume has ably described. 3. It enables a country, without inconvenience, to export its metallic wealth, for carrying on necessary wars, or purchasing grain in times of scarcity or famine. 4. It is the means, both directly and indirectly, of making important additions to the Revenue, and creates a saving to the country of those expenses which coinage continually occasions, and that to a

considerable amount. In the reign of King William alone, it cost us above three millions, without our deriving any advantage from it whatever. 5. It makes a nation independent of all other countries for its medium of circulation, a point of infinite moment, more especially in time of war; and, in the last place, what makes me peculiarly attached to the system, is this, that it possesses a species of *magical influence* on the internal prosperity of a nation. Even in the midst of a long and expensive war, we see its effects. Industry abounds—Agriculture flourishes—Commerce and Manufactures have increased—Money is procurable at a moderate rate of interest—the Public Revenue becomes every year more and more productive—Public Loans are obtained to any amount, and on cheaper terms; and every species of domestic improvement, as roads, bridges, canals, harbours, public edifices of various descriptions, enclosures, plantations, cultivation of wastes, &c. all these proofs of national prosperity, are carried on with a degree of energy, and, more especially at the present moment, are multiplied to an extent, not to be equalled in any other period even of our own history, and far less in that of any other country in the universe.

Perhaps the world never witnessed such a scene as Great Britain has lately exhibited: with the one hand we have been spreading cultivation over our own soil, and carrying on the commerce of the universe; whilst with the other, we have fought successfully against the Tyrant of the Continent, and all his millions of subjects. Our empire of the sea we have confirmed—we drove the French out of Egypt—Portugal has been rescued—the emancipation of Spain, is, I trust, at no great distance—every possession belonging to the enemy in both the Indies has been subdued. And shall we throw away all these advantages, arising from abundant circulation, (for on that they depend), and obtained during the reign of a *paper currency not convertible into coin*? Shall we dismiss a fleet that rules the Ocean? Shall we disband an Army the terror of its opponents? Shall we destroy those resources which, if properly applied, may yet humble Napoleon to the dust? And shall we submit ourselves to a ferocious, and to a conquered enemy? because a band of speculative politicians, the Midases of mo-

dern times, who wish to convert every thing they touch into gold; who seem to care but little what experiments they try with the prosperity of the Country, provided they can gain a petty triumph, by effecting a reduction in the price of their favourite metals, or diminishing, by a few groats or stivers, the rate of our exchange; who, contrary to the evidence that was brought before them, and in opposition to the knowledge, and to the conviction of so large a proportion of their fellow subjects, ventured to report to this House, some months ago, that our Currency was depreciated, and still persist in maintaining so groundless an assertion. But how does it appear that our Currency is depreciated? Is it not received as value in all pecuniary transactions? Will it not procure every necessary, every comfort, and every luxury, of life? With a sufficient quantity of the notes of the Bank of England, cannot the holder of them purchase the most magnificent mansion house that can be erected, with all its furniture and decorations? Or will they not be received in exchange, for the finest, the largest, and the best conditioned estate that the kingdom boasts of? And yet our Currency is depreciated. Whence can have originated this perversion in the ideas of these modern Midases? With what delight would the Phrygian sage have witnessed the deliberations of the Bullion Committee! His spirit must have inspired some of the weightiest and profoundest paragraphs in their massy Report. I wish most sincerely, that a dip in the Thames, the Tweed, or the Shannon, would prove as effectual a remedy for their metallic phrenzies, as Midas found was the case, when he was fortunately immersed in the waters of the Pactolus. I hope, at any rate, that we shall soon see an end put to these Phrygian doctrines, and to the Midassian system of the Committee.

Having endeavoured to describe the state of this country, where a paper currency is fortunately established, on principles amply sufficient to guarantee its stability, let us next proceed to consider the situation of other countries, where a different system prevails, and where the precious metals are the only medium of circulation. I shall state the case as it is given us by Dupont, in his Report on the Bank of France, whose authority will not be objected to by Gentlemen on the other side of the House, as he is an advocate

for a paper currency convertible into coin. He says, "in the Indies the quantity of gold and silver is enormous, and yet is always insufficient. Europe and America are constantly sending the precious metals there, but they never can get enough of them. The interest of money is very high, because it is necessary to produce, and often to advance the metals in payment. They hardly ever admit of promises or engagements to pay, placing no reliance on them. The working people are very poor, and the rich are at the same time wicked, and powerful."

Let us proceed briefly to analyze this statement: "*In the Indies, the quantity of the precious metals is enormous, and though Europe and America are constantly adding to the supply, yet they (the natives of India) can never get enough of them.*"—The circulation of the country, therefore, cannot be increased according to the increasing demand for it, an advantage which Paper, when properly regulated, possesses in an eminent degree, and by means of which, a country, being independent of foreign nations for its medium of circulation, can increase or diminish it as its interests may require.

"*The interest of money is high.*"—What a misfortune! What a bar to national prosperity! Interest in the Indies is said to be one per cent. per month, or twelve per cent. per annum. I should be glad to know what the middling classes of the community, the Farmer, the Tradesman, the Shopkeeper, and other industrious descriptions of persons, would say, if they were to be charged twelve per cent. as interest. They could not carry on their business, without demanding such enormous additional prices for their commodities, compared to the quantity of currency in circulation, as would in a great measure prevent the sale of them.

"*The working people are very poor.*"—No wonder; for wages in the East Indies are only at the rate of $2\frac{1}{2}d.$ per day. Permit me to ask, how the industrious classes of the community, in this Country, could bear such a reduction in their wages, and whether such a fall in the price of labour is at all calculated for the meridian of England? We are told indeed, that when this mighty project is completed, $2\frac{1}{2}d.$ in coin, may go as far as $2s. 6d.$ in

paper. Any great alteration in the value or amount of our Currency, however, could not be effected without a convulsion. What is to become of the Merchant, the Manufacturer, the Landlord, the Farmer, the Tradesmen of every description, whilst this great and momentous operation is going forward? What, in the interim, is to become of the Revenue? What of the payment of the Interest of the National Debt? What of the Sinking Fund, that palladium of our national prosperity? What of the charges of our Fleet? What of the maintenance of our Army? And what of all the other innumerable articles of expense incident to the situation and circumstances of a great Empire? I repeat it again, that any great reduction in the price of goods, or any important alteration in the value of our Currency, could not be effected, *without a complete convulsion*. The Enemy know this well, and do every thing in their power to drive us down that precipice, which it would never again be in our power to remount.

“The rich are wicked and powerful.”—Dealing in usury, they are of course wicked, (for nothing is more apt to degrade the character of a man), and by engrossing all the wealth of the country, they are enabled to trample on the rest of the community, and to render the inferior classes truly miserable.

Such is the situation of extensive countries, where the precious metals are the sole medium of circulation; and such is the state to which the doctrines of the Bullion Committee, if they were to be adopted, would inevitably reduce this flourishing and happy nation.

Let us next proceed to compare our paper currency with that of other countries; for instance, those of America and of France, which were first depreciated, and afterwards totally failed, such failures being held forth as grounds of terror and alarm, in regard to the solidity of our medium of circulation. The following contrast will sufficiently explain the difference.

American and French Currency.

The paper currency of America, and the assignats of France, were issued by these Revolutionary Go-

British Currency.

The paper currency of England is not issued by the Government of the country, but by cor-

American and French Currency.

governments without any controul whatsoever, as the only means by which they could be enabled to carry on the contests in which they were respectively engaged.

The paper currencies of America and of France, were issued without bounds, and without adequate funds having been provided for their liquidation, or their returning again to the coffers whence they were originally issued.

The paper currencies of America and of France were issued to such excess, that it became necessary to compel the people to take them in payment of those articles which these Governments required. Hence their depreciation originated, and their ultimate annihilation.

British Currency.

porate bodies, or partnerships of individuals, responsible for their conduct and their engagements, and the amount of their issues is subject to the controul of parliament.

The paper currency of England is never issued, but in exchange for national or individual securities previously deposited, and the notes thus issued necessarily return, at no great distance of time, to the coffers whence they were issued, for the redemption of those securities.

The paper currency of England has never been excessive, and has never been forced into circulation, nor can it exceed its due bounds, whilst it is issued on securities of a temporary nature, and is founded on real transactions.

Thus it appears, that

The one was forced.

The one was founded on no security.

The one was perpetually increasing, until its value was extinguished.

The other is free.

The other is only given for real value, or solid securities adequate to the re-payment.

The other, increases only in proportion to the growing prosperity of the country, and the demand which thence originates.

Let us now proceed to consider the advantages of an abundant circulation, of which some individuals do not seem to be aware.

The first advantage is, that a merchant or a manufacturer, instead of being obliged to keep a large proportion of his capital uselessly by him, to answer any unforeseen emergency, can employ

his whole capital in carrying on his business, being certain, when the circulation is abundant, that he can always raise any sum he may require, by discounting the Bills he receives in the course of his business. He is thus enabled to trade with less profit, dealing to a greater extent, and to undersell all other countries where a different system prevails.

Another great advantage of an abundant circulation is, that the interest of money is reduced. If the interest of money were at the rate of twelve per cent. per ann., as, it has been already observed, is the case in some parts of the East Indies, how could our agriculture, our commerce, or our manufactures go on, loaded with such a burden? Whereas by having the easy command of money, at a moderate rate, a country is enabled to prosper.

Another advantage of an abundant circulation is, that a considerable proportion of the capital of a country, beyond what temporary securities will absorb, may be obtained, to carry on *lasting improvements*, as canals, harbours, and the like, *sinking the capital*, the capitalist being satisfied with receiving a certain moderate interest. Indeed such is the abundance of capital at present in this country, ready to be applied to such purposes, that, in the course of this Session, applications have been made to Parliament, for laying out several millions, under the direction of only one Engineer (Mr. Rennie), and if the spirit were properly encouraged, the whole country might be made a garden.

But the great advantage of an abundant circulation, consisting of a paper currency properly regulated, is this, that a great quantity of property, that would otherwise lie dead and inert, is vivified and put in motion. I sell 500 quarters of barley, or 500 tod of wool; instead of waiting three months for payment, I can immediately convert the value into cash, and carry on my improvements. When circulation is scarce, and interest high, nobody purchases any article, unless it is immediately required for his own consumption, or when he has the prospect of making great profit by the re-sale; whereas, if circulation abounds, and the interest of money is low, articles are bought, though not immediately in demand, with the prospect of ultimately receiving only a moderate profit.

We are next told, that our paper circulation has exceeded all proper bounds, and that its value is depreciated. Such ideas however have no just foundation.

In regard to excess, there are two tests by which the proper quantity of a circulating medium may be estimated. The first is, that it passes as value in all pecuniary transactions; and the second, that it is received at the Exchequer in payment of taxes, for the Treasury would be ruined, if it accepted depreciated paper.

There can be no excess in any Currency that can stand the test of these two criterions.

As to depreciation*, our Paper Currency has fortunately stood all the attacks which have hitherto been made upon it, and from the solidity of the principles on which it is founded, it must continue to do so. For fourteen years past it has been received both by public and private creditors in payment of the sums due to them, whether principal or interest; and though the price of some articles has risen since the year 1799, yet in other cases†, (as will be seen in the statement of the Prices Current in London, of various articles, authenticated by Mr. Irving, Inspector General of the Exports and Imports), they have been reduced. As to the idea that public and private creditors must take Bank Notes, because they can get nothing else, and consequently that is no proof of their being accredited, it is to be observed, that the case is otherwise in regard to a very intelligent and respectable description of persons, namely, the Merchants of the City of London, who, when they have Bills on the payment of which

* If the Committee mean, by contending that our currency is *depreciated*, that it is *not appreciated*, I deny it *in toto*; if they mean, on the other hand, that the same quantity of circulating medium will not purchase, in several cases, the same quantity of goods, where the demand is great, and the supply deficient, as it would do some years ago, that must happen in such a period as 14 years, *if the nation be prosperous*, whatever was the currency.

† It appears from Mr. Irving's statement, that among forty-six different articles, *eighteen* have *fallen* in price since the year 1799: among these are; coffee, West Indian wool, currants, Spanish Indigo, British iron, Russian and Swedish iron, Nankeens, ordinary olive oil, pepper, saltpetre, sugar, tobacco, &c. This could not have happened with a depreciated Currency.

they can depend, will voluntarily go to the Bank of England, and will exchange these good Bills, for the Notes of the Bank, *and will actually give a Premium*, under the name of Discount, for the use of those Notes. If our currency were in fact depreciated, could that possibly take place?

We are also alarmed with the idea, that we shall be overwhelmed by our increasing debts and expenses. A few plain facts, however, will put an end to all such groundless apprehensions. Let us first consider the small addition annually made to our debt, in consequence of the great effects which our Sinking Fund already produces, and the productiveness of our war taxes, which renders less borrowing necessary. It appears from a document laid on the Table of the House, that the funded debt, on the 1st of February, 1811, amounted to 545,662,698*l.*, and on the 1st of February, 1807, came to 533,076,124*l.*, so that in the space of four years we have added to our funded debt a sum of only 12,586,574*l.* If it is contended that our unfunded debt ought also to be taken into consideration, the increase may be thus stated. On the 1st February, 1807, the amount of the unfunded debt was 34,348,391*l.*; on the 1st February last, it came to 46,971,580*l.* making a difference of 12,623,188*l.* Adding the funded and unfunded debt together, the total increase, in four years, is only 25,209,762*l.*—a sum often exceeded by the expenses of one year's war, according to the former system. Taking the four years into calculation, the total is only at the rate of 6,302,440*l.*, being an addition so trifling, that it can never be attended with any injurious consequences to the country.

In regard to our expenses, independent of debt, in 1801, they amounted to 36,124,783*l.*, and last year to 49,947,631*l.*, making an addition at the rate of 13,822,848*l.* in all, or 1,256,662*l.* per ann., but if the average of four years is preferred, it appears that in the year 1807-8, our expenses were 39,936,855*l.*, and 1810-11, 49,947,631*l.*, the difference is 10,010,776*l.*, or at the rate of 2,502,694*l.* Are these any grounds of alarm? If we add to our national debt only at the rate of 6,302,440*l.*, and to our national expenses only 2,502,694*l.*, per annum, with the interest of annual loans to the amount of 6,302,440*l.* is it possible to fix a definite period at which our resources will be exhausted,

unless indeed the doctrines of the Bullion Committee were to be carried into effect?

It was well observed, by Frederick the Great of Prussia, how fortunate a circumstance it was, that the abstract reasonings of metaphysicians, had no effect upon the price of the quartern loaf; and it is equally fortunate, that the sophistry of speculative politicians, has had but little influence on the credit of our Currency, the real foundation of our national prosperity and strength.

I shall conclude with remarking, that there are some points so closely connected with the safety and existence of a great Country, that they ought not to be rashly tampered with, nor brought under discussion, without the most urgent necessity. I particularly allude to its established Religion and to its established Government; and after these, in point of importance, I consider that species of Currency which is found to be the best suited to the circumstances of a Nation. Religion, Constitution, and Currency, are in fact, the three links, which bind together the members of a great community. Destroy any one of them, and you ruin the whole. In regard to our Currency, a system has now existed, without interruption, for fourteen years, during which period, its effects must have decidedly proved themselves, *in such times as these*, either useful or injurious; the advantages, however, I trust, have been incontrovertibly established. The maintenance of that Currency, therefore, I am fully convinced, is of such essential consequence, more especially during the continuance of the present eventful War, that on the decision of this night, and on our reprobating the doctrines of the Bullion Committee in the manner which they deserve, must depend, the future prosperity, or the entire ruin, of this great and powerful Empire.



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